

PURCHASE OF OVERSEAS SERVICE

A.C.A. § 24-7-604

DEFINITION (Amended by Act 142 of 1997 and Act 866 of 1999.)

Overseas service means service rendered in an American-type overseas school sponsored and approved by either the United States Department of State or the Department of Defense, Peace Corps, or Volunteers in Service to America (VISTA).

RULES (Amended by Act 206 of 1997 and Act 866 of 1999)

1. To be eligible for overseas service credit, a member must have a minimum of five (5) years of actual service.
2. In order to purchase overseas service, employer and employee contributions must be paid on the later of the active member's salary in the overseas school or the annual salary received by the member for the first full year of Arkansas state teaching service preceding the fiscal year in which the service is purchased. The member shall pay the employee contributions, and the employer contributions may be paid either by the employer or by the member. For each year of the member's service overseas, employee and employer contributions shall be based upon the employer and employee rate in effect for that year, provided employer and employee contributions are paid in the year in which the service is rendered. If the employer and employee contributions are not paid when the service is rendered, the employer and employee contributions shall be based on the rate in effect in the year preceding the fiscal year in which the service is purchased. If contributions were not paid to the System promptly, as service was rendered, interest shall be added from the date of purchase to the date of payment in full.
3. Interest is added to the cost:
 - A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
 - B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
 - C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

D. Interest will accrue annually on any unpaid balance based upon the initial payment date.

4. A year of overseas service shall be a minimum of 120 days. Twenty (20) days shall be considered a month. The maximum overseas service that may be credited to a member is ten (10) years. Fractions of years of service may be credited as provided by A.C.A. § 24-7-601.
5. Salaries for purchased overseas service will be recorded for the years being purchased. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.
6. Purchased overseas service shall be credited to the year in which it was rendered.
7. Effective July 1, 1986, all purchased overseas service shall be counted as contributory service, and benefits based on this service shall be computed as contributory service.
8. If a member does not purchase or is not eligible to purchase all of the overseas service, he or she must purchase the remainder in inverse order.
9. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).
10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).
11. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).

Amended: June 15, 2004
April 26, 2007